



**KANEKA**

The Dreamology Company  
—Make your dreams come true—

(Stock Code: 4118)

To Our Shareholders

**Interim Report for  
the 99th Business Period**

From April 1 to September 30, 2022

KANEKA CORPORATION

# KANEKA thinks “Wellness First”.

Kaneka contributes to the sustainability of the earth, develops its business in a “wellness-first” direction, energizes people, adds vibrancy to business, and helps build a happier society.

To make the world more wellness-first.

Kaneka takes an innovative approach to science, and seeks to fulfil people’s dreams by offering a wide variety of solutions.



Sustainable Solutions for an Evolving World

## Top Message



President

A stylized black ink signature of Minoru Tanaka.

Minoru Tanaka

To our valued shareholders, Thank you for your continued support and interest in the Kaneka Group. Please allow me to give an explanation of the results for the first half of fiscal 2022 and the outlook for the future.

### ➤ State of the Global Economy - Growing Uncertainty About the Future -

In the first six months (April 1 to September 30, 2022, "1H"), while the social impact of COVID-19 eased, the global economic situation remained unstable due to the turmoil caused by the Ukrainian crisis, steep rises and falls of energy and raw material prices, economic slowdown due to accelerating global inflation and rising interest rates, and the significant depreciation of the yen.

### ➤ Kaneka Group's Business Performance - Increase in Ordinary Income and Quarterly Net Income due to Growth in Leading-edge Businesses -

In this business environment, Kaneka Group's business performance for 1H was as follows.

Consolidated net sales were ¥380.6 billion (up 15.2% year-on-year), operating income was ¥20.8 billion (down 9.6% year-on-year), ordinary income was ¥22.5 billion (up 7.8% year-on-year), and net income attributable to owners of parent was ¥16.6 billion (up 12.2% year-on-year).

As the global economic slowdown intensified in the second quarter (July 1 to September 30, 2022, "2Q"), we were affected by market supply-demand adjustments and market declines in Vinyls and Chlor-Alkali, Modifiers and E & I Technology. Despite this, our leading-edge businesses (Health Care, etc.) grew steadily as our unique differentiating technologies expanded the market. We are making steady progress in transforming our business portfolio.

### ➤ Consolidated Business Forecasts

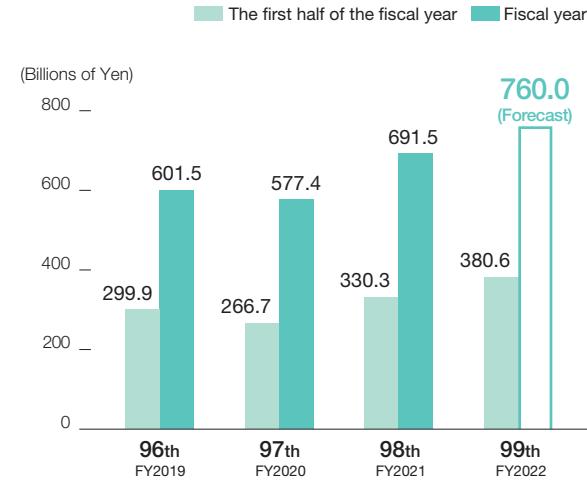
The IMF lowered its July forecast for 2022 global GDP growth to 3.2% and its October forecast for 2023 to 2.7%. Along with economic slowdowns in the EU region and the U.S., signs of recession are emerging in China and other Asian economies, and the global economy as a whole is expected to experience a strong sense of regression.

Even in a time when the future is difficult to read due to factors such as the COVID-19 pandemic and situation in Ukraine, the Kaneka Group will pursue hybrid management using a network of various technologies to realize a healthier world through chemistry.

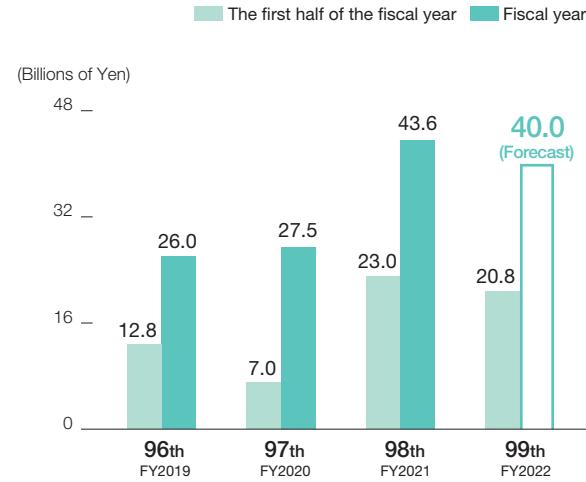
Regarding the interim dividend, we have decided on ¥55 per share. I thank you very much for your continued support.

## Highlights of Consolidated Business Performance (Transition / Result of the first half and forecast of the fiscal year 2022)

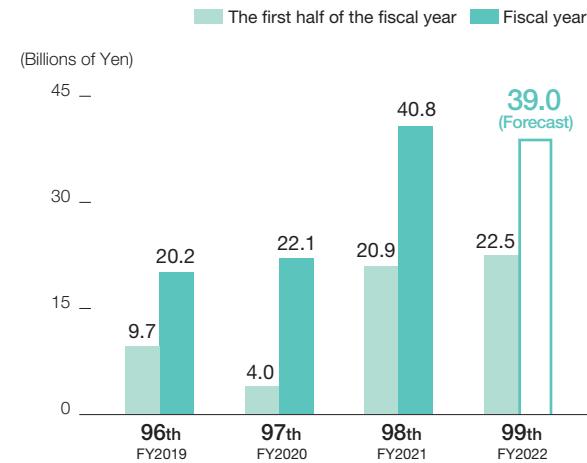
### ▶ Net Sales



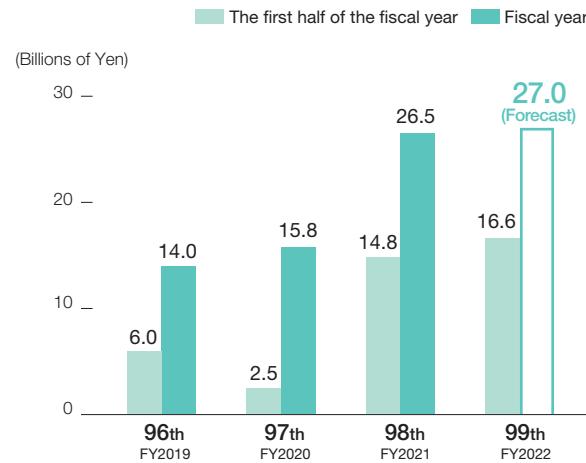
### ▶ Operating Income



### ▶ Ordinary Income



### ▶ Net Income Attributable to Owners of Parent



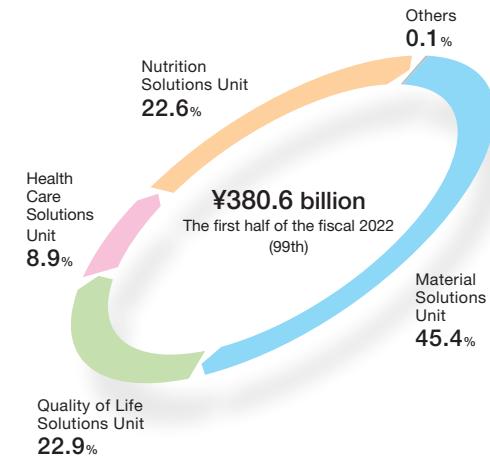
## Business Performance by Segment (The first half of the fiscal 2022)

### ▶ Net Sales and Operating Income by Segment

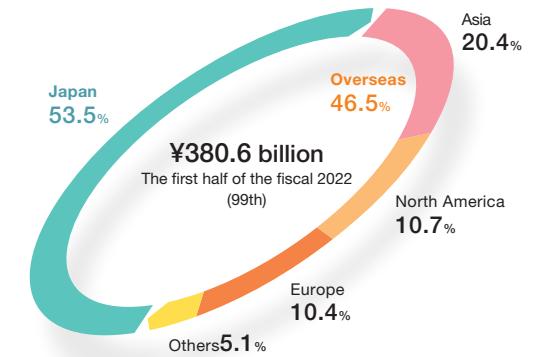
(Billions of Yen)

	Net sales		Operating income	
	The first half of the fiscal 2022 (99th)	Difference (year on year)	The first half of the fiscal 2022 (99th)	Difference (year on year)
<b>Material Solutions Unit</b>	172.9	32.0 22.7%	18.7	0.7 4.1%
<b>Quality of Life Solutions Unit</b>	87.2	4.5 5.4%	8.7	(0.7) (7.0%)
<b>Health Care Solutions Unit</b>	34.0	7.4 27.7%	7.5	2.3 43.0%
<b>Nutrition Solutions Unit</b>	86.0	6.5 8.2%	2.1	0 0.8%
Others	0.5	0 0.5%	0.3	0 12.5%
Adjustment	—	—	(16.5)	(4.6) —
<b>Total</b>	<b>380.6</b>	<b>50.3 15.2%</b>	<b>20.8</b>	<b>(2.2) (9.6%)</b>

### ▶ Composition Ratio of Net Sales by Segment



### ▶ Composition Ratio of Net Sales by Region



\*The ratio of the graph is rounded off to the nearest display unit.

Please see the next page for details of each Solutions Unit. ▶

# Business Performance by Segment

## Earthology Chemical Solution / Create a comfortable and sustainable living environment

### Material Solutions Unit

#### Material Value Creator

To support the advancement of life and the environment by drawing out the richness of the materials

#### Increases in both sales and profits exceeding the previous year's 1H

- For Vinyls and Chlor-Alkali, although the Asian PVC spot-market weakened from 2Q, caustic soda led the performance, exceeding sales of the previous fiscal year. Going forward, adjusting supply and demand in the Asian market will be a key factor.
- For Modifiers, a sharp slowdown in rigid PVC usage for housing in Europe and the U.S. from 2Q led to less sales in 1H than the previous 1H. We are strengthening our Research & Business activities and development of non-PVC applications.
- For Modified Silicone polymers, steady sales linked to usage of sealants and adhesives maintained the same levels as the previous fiscal year. As this Solutions Vehicle is expected to grow steadily, we decided in August to increase capacity in Belgium. We are considering another capacity increase at the end of this fiscal year.
- Regarding KANEKA Biodegradable Polymer Green Planet™, joint developments with major brand holders in Japan, Europe and the U.S. are progressing well. We will concentrate R&D efforts into innovative technologies that use hydrogen-oxidizing bacteria to produce Green Planet™ from CO<sub>2</sub> and H<sub>2</sub> to realize the social implementation of "biomanufacturing", a prioritized policy of the government.

### Quality of Life Solutions Unit

#### Quality of Life Pathfinder

To produce the leading edge of the enhancement of the quality of life through the power of materials

#### Higher sales but lower profits due to the impact of supply-demand adjustments in E & I Technology

- Foam & Residential Techs focused on price revisions. Domestic demand is steadily recovering after bottoming out in the first quarter (April 1, 2022 to June 30, 2022). On the other hand, overseas, the automotive sector has been slow to recover due to ongoing disruptions in the supply chains of semiconductors and other parts.
- Along with soaring crude oil and coal prices, an energy crisis (electricity shortage) is becoming apparent worldwide. Against this backdrop, inquiries for our PV are increasing. Policy initiatives such as the Tokyo Metropolitan Government's requirement for installing PV in preparation for the "2030 Carbon Half" are being rolled out nationwide, and sales of high-efficiency photovoltaic modules for housing are growing. We decided to increase production of heterojunction PV. We are also actively working on PV installation for self-consignment and other measures for reducing CO<sub>2</sub>.
- For E & I Technology, sales were significantly impacted by the overall supply-demand adjustments in the smartphone and large-screen TV markets. As a result, business performance dropped below the previous year's level. However, we decided to increase production capacity for resins for acrylic films by 40% in anticipation of the market expanding from here on. We are focusing on developing new leading products such as 5G, flexible displays, and image sensor components, and such development epitomizes Kaneka's unique ability to anticipate the market ahead of time.
- For Performance Fibers, sales results were on par with the previous year. Demand for hair accessory products is anticipated to decrease due to coming inflation, but we will work to expand demand by launching new differentiating products. Sales of products for flame-retardant materials grew in Asia.

## Active Human Life Solution / Supporting energetic and healthy living

### Health Care Solutions Unit

#### Medical Edge Explorer

To create a world in where advanced medical means are available to as many people as possible

#### Substantial increases in both sales and profits

- For Medical, we continue to see constant growth in domestic and overseas sales of blood purification devices and catheters, which are our main products. We tripled production capacity at our plant in Vietnam. We will steadily strengthen our sales structure in the U.S., which is a major market, and accelerate the global development of our Medical business. We doubled the production of our COVID-19 PCR diagnostic reagents. We will also expand our production for COVID-19 antigen testing kits.
- Pharma is expanding its biopharmaceutical CDMO business at a favorable rate, and this includes COVID-19 vaccines in Kaneka Eurogentec S.A. We are preparing to increase capacity of mRNA manufacturing facilities in order to expand our business foundation. Sales related to a large new project for an antiviral drug as well as sales of Protein A chromatography resin that is used in refining antibody drugs also made a significant contribution to business results.

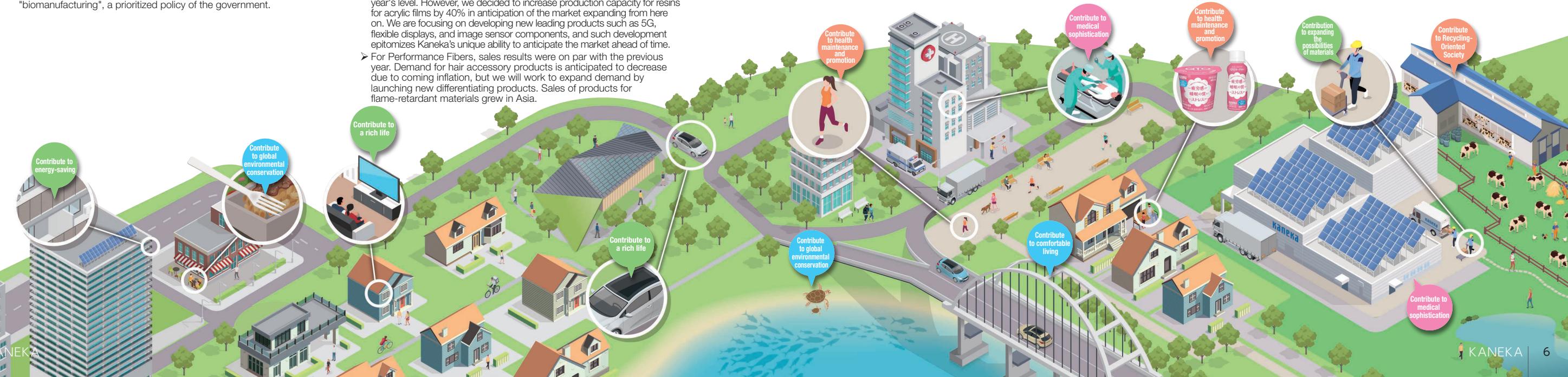
### Nutrition Solutions Unit

#### Nutrition Value Chain Innovator

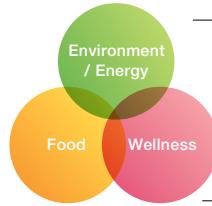
To re-innovate food and health

#### Business performance in 1H recovered from 2Q and was on a par with the previous year

- AB-Biotics's probiotics business performance grew significantly. We are reinforcing the sales structure of global production. Production of the active form of coenzyme Q10 is approaching full capacity, and we are considering to increase production. We are enhancing our functional foods product lineup.
- For Foods & Agris, there is a widespread pullback in consumer spending due to media coverage of food price hikes and other factors. Despite bad weather conditions such as large typhoons, earnings recovered due to price revisions and a growth in sales of products with high added value. Functional foods launched in August that include "Watashi no Chikara (My Energy)™ - Q10 Yogurt" and "Watashi no Chikara (My Energy)™ - Q10 Yogurt drink type", are seeing growing sales thanks to their high reputation in the marketplace and the media. We will continue enhancing our products that focus on flavor and health.



## Feature: **Biomanufacturing**

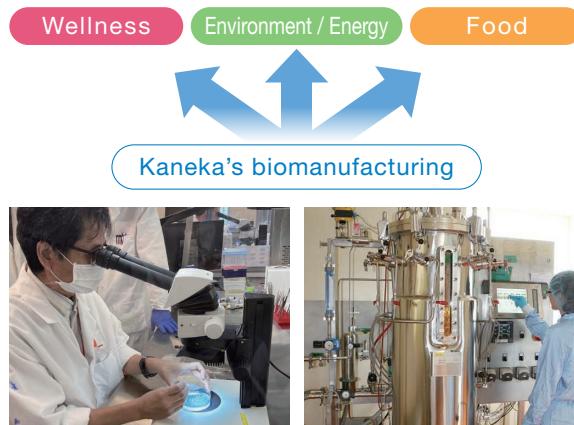


We are leveraging our fermentation and cultivation technologies to provide solutions to various social issues.

### Various Technologies Developed by Kaneka

#### Growing social interest in biomanufacturing

Since ancient times, mankind has skillfully taken advantage of the power of nature in ways such as fermented foods. In recent years, these efforts have evolved to the point of generating industrial technologies that combine complex pharmaceuticals and materials. Furthermore, there is growing interest in environmentally friendly production technologies that are expected to reduce carbon dioxide emissions through fermentation and cultivation processes that leverage the power of nature, rather than chemical processes that consume large amounts of energy, such as high temperature processing. Kaneka's biomanufacturing technologies are based on fermentation properties such as yeast, and we are further developing them by introducing cutting edge technologies and combining them with technologies from other fields through open innovation. The technologies that we have cultivated over many years are currently being used to provide a wide range of solutions.



### The Spread of Biomanufacturing

#### Kaneka QH™ (ubiquinol) Keeping the Body Healthy at the Cellular Level



Kaneka QH™ (ubiquinol)

An essential substance for energy production while protecting mitochondria from activated oxygen



Mitochondria

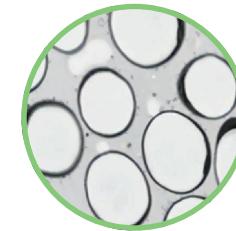
Coenzyme Q10 prompts mitochondria within cells to start producing energy. Compared to previous oxidized forms, Kaneka QH™ (ubiquinol) offers more efficient absorption. It is the culmination of a variety of biomanufacturing technologies, including culturing technologies for extracting high concentrations of active substances, and we are the world's first company to successfully produce it commercially. While supplying products around the world, we have developed new technologies which has become the driving force behind the next generation of solutions.

#### Making the Earth Healthier -Evolving Green Planet™ Production Technology

KANEKA Biodegradable Polymer Green Planet™ is currently produced using plant oils but we are working to realize a recycling-oriented society by verifying production technology that enables waste cooking oil to be used as a raw material. Furthermore, we are advancing the development of technologies that use hydrogen-oxidizing bacteria and industrialization research has also started on future technology that will produce Green Planet™ directly from carbon dioxide.



An example Green Planet™ product



A micrograph of the microorganism that produces Green Planet™



The Green Planet™ manufacturing plant Manufacturing using waste cooking oil as a raw material and considerations to enhance production capacity are currently underway

#### Solving Food Crises

We aim to contribute to solving food crisis issues by using genome editing technology to develop useful cultivars. For example, we are engaged in developing tasty, flavorful soybeans that have an improved beany smell and disease-resistant wheat.

We will continue to evolve the technologies we have accumulated over many years to provide solutions to social issues concerning wellness, environment, and food.



Example of a genome-edited crop

## Topics

TOPICS  
1

### Expanding the Sales Area of “Watashi no Chikara (My Energy)™ - Q10 Yogurt” (New Product)

#### Adding a quick and easy to drink type product portfolio

We have newly launched “Watashi no Chikara (My Energy)™ - Q10 Yogurt,” a functional food containing the active form of coenzyme Q10 (Ubiquinol), with a line-up containing a regular single serving product and a drink type product.

It has three functions that have been recognized as helping people experiencing temporary stress.



It has been available in advance through the Kaneka online shop and certain convenience stores in the greater Tokyo region since August 2022, and samples have been distributed at a variety of events in each region. It is now being launched at supermarkets, convenience stores, bakeries, and general retailers throughout Japan on an area-by-area basis.



A TV commercial featuring Kurara Chibana is currently being broadcasted

Under our management vision of “KANEKA thinks ‘Wellness First’”, we will continue to further enhance our lineup of delicious and healthy products, including functional foods which combine probiotics with supplement materials.



Distributing samples at KANEKA Go with Antlers, a Kashima Antlers soccer match sponsored by Kaneka

- \* Improving the quality of sleep refers to a better and deeper sleep without waking up in the middle.
- \* It may not be available depending on the store.
- \* Maintain a balanced diet including a staple food, a main dish and side dishes.
- \* This product is categorized as “Foods with Function Claim”. Unlike “Foods for Specified Health Uses”, this product is not individually pre-approved by the Secretary General of the Consumer Affairs Agency.
- \* This product is not intended for use in the diagnosis, cure, or prevention of disease.

TOPICS  
2

### Actively Using Kaneka MS Polymer™ in Houses and Building Constructions (Enhancing Capabilities)

#### Enhancing production capabilities in response to demand for energy efficient housing in Europe

The silyl-terminated polyether “Kaneka MS Polymer™” is an essential product for applications such as waterproof coatings for houses, interior and exterior adhesives, and sealants for medium- and high-rise buildings.

Currently demand is expected to grow, particularly in Europe, due to the introduction of subsidies for energy-saving housing renovations and the promotion of insulation retrofits. Adhesives and sealants made from Kaneka MS Polymer™ are attracting attention due to characteristics such as being solventless, workable at low temperatures, and offering good weather resistance.

We produce and supply the material from four bases in Japan, Europe, the US and Malaysia, and in August 2022, we decided to increase production capacity at our Belgian location to respond to vigorous demand in Europe.

Going forward, we will continue to contribute to the creation of comfortable living environments and reducing the burden on the global environment.



(Top) A shipment departing  
(Bottom) A practical test on different materials

TOPICS  
3

### A New Start for Cemedine Co., Ltd. (Strengthening Group Capabilities)



A familiar product lineup



#### Advancing the exponential development of the Performance Polymers (MS) SV business

In August 2022, Cemedine Co., Ltd. (headquarters: Shinagawa-ku, Tokyo; president: Hidesuke Amachi), which owns famous adhesive and sealant brands, made a new start as a fully owned subsidiary of Kaneka. We will harness the unlimited potential of chemical materials by combining the technological strengths offered by Kaneka’s polymer synthesizing technology and Cemedine’s blending and assessment technology.

TOPICS  
4

## Bonds are Felt as Employees Gather for the First Event in Three Years (ESG)

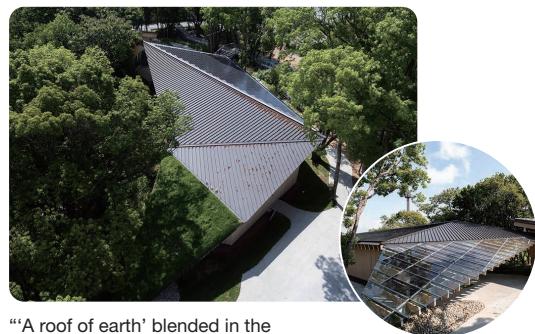
Approximately 2,400 people participated in Run,Run,Run.Kaneka 2022

In September 2022, we held our first in-house event for three years after previous events were cancelled due to the COVID-19 pandemic. The sight of the 160 teams participating in the relay race passing their sash from runner to runner, each participant running with all their might, and the spectators once again cheering on from the sidelines reaffirmed the feeling of bonds between individuals. The Solutions Unit also competed in an obstacle course relay race, in which teams had to clear various obstacles placed on a track, leading to plenty of laughter between participants. Next, we aim to hold an event for 4,000 people, including Group members from overseas, as we actively work to create venues for affirming bonds between employees.



TOPICS  
5

## Creating Healthy and Vibrant Work Environments (ESG)



“A roof of earth’ blended in the forest” viewed from above

Photos by Norihito Yamauchi

An exterior view of see-through photovoltaic modules installed on a rooftop

### Completion of a model health center at the Takasago Manufacturing Site

In July 2022, we completed “KANEKA Wellness Center Kaze no Mori” as the symbol of the Company’s health management. It was designed by Kengo Kuma, who is renowned in the architectural world, as an embodiment of the coexistence and sense of unity between human and nature under the design concept of “A roof of earth’ blended in the forest.”

It comprises two buildings, a healthcare building and a multi-purpose building, and contains various facilities, including a relaxation corner where employees can engage in fun and active health enhancing experiences. It is also equipped with the Company’s solutions, such as solar cells, so that it can be used as a base for communicating information.

Going forward, we will position Kaze no Mori as a model health center for engaging in activities that promote wellness.

## Consolidated Financial Statements

### ▶ Quarterly Consolidated Balance Sheets (Summary) (Billions of Yen)

Accounts title	99th	98th
	As of September 30, 2022	As of March 31, 2022
<b>Assets</b>		
Current assets	391.0	362.9
Noncurrent assets	384.5	364.0
Total assets	775.5	727.0
<b>Liabilities</b>		
Current liabilities	247.8	234.5
Noncurrent liabilities	93.7	80.3
Total Liabilities	341.5	314.8
<b>Net assets</b>		
Shareholders’ equity	381.6	362.4
Others	52.4	49.8
Total net assets	434.0	412.2
Total liabilities and net assets	775.5	727.0

Point

- **Total assets** were ¥775.5 billion, up ¥48.6 billion from the previous fiscal year-end, mainly due to an increase in inventory assets.
- **Liabilities** totaled ¥341.5 billion, up ¥26.7 billion, primarily reflecting an increase in loans payable.
- **Net assets** were ¥434.0 billion, up ¥21.8 billion, owing chiefly to an increase in retained earnings and foreign currency translation adjustments.

### ▶ Quarterly Consolidated Statement of Income (Summary) (Billions of Yen)

Accounts title	99th	98th
	From April 1, 2022 to September 30, 2022	From April 1, 2021 to September 30, 2021
Net sales	380.6	330.3
Operating income	20.8	23.0
Ordinary income	22.5	20.9
Income before income taxes	22.5	20.9
Net income attributable to owners of parent	16.6	14.8

Point

- **Net sales** increased by ¥50.3 billion, or 15.2%, year on year.
- **Operating income** decreased by ¥2.2 billion, or 9.6%, year on year.
- **Ordinary income** increased by ¥1.6 billion, or 7.8%, year on year.
- **Net income attributable to owners of parent** decreased by ¥1.8 billion, or 12.2%, year on year.

### ▶ Quarterly Consolidated Statement of Cash Flows (Summary) (Billions of Yen)

Accounts title	99th	98th
	From April 1, 2022 to September 30, 2022	From April 1, 2021 to September 30, 2021
Net cash provided by (used in) operating activities	10.4	20.1
Net cash provided by (used in) investing activities	(21.0)	(16.9)
Net cash provided by (used in) financing activities	3.7	(3.6)
Cash and cash equivalents at end of period	35.2	46.4

Point

- Net cash provided by **operating activities** was ¥10.4 billion mainly due to income before income taxes and depreciation and amortization.
- Net cash used in **investing activities** amounted to ¥21.0 billion, mainly due to the purchases of property, plants, and equipment.
- Net cash provided by **financing activities** amounted to ¥3.7 billion, mainly owing to an increase in loans payable.
- As a result, **cash and cash equivalents as of September 30, 2022** totaled ¥35.2 billion.

\*If you would like to find out more, please visit Kaneka’s website.

# Corporate Data

(As of September 30, 2022)

## ▶ Corporate Profile

**Name** KANEKA CORPORATION

**Tokyo Head Office** 1-12-32, Akasaka, Minato-ku, Tokyo 107-6028, Japan  
TEL: +81-3-5574-8000

**Osaka Head Office** 2-3-18, Nakanoshima, Kita-ku, Osaka 530-8288, Japan  
TEL: +81-6-6226-5050

**Date of Establishment** September 1, 1949

**Paid-in Capital** 33,046 million yen

**Website** <https://www.kaneka.co.jp/en>

## ▶ Members of the Board and Audit & Supervisory Board Members

Chairman of the Board (Representative Director)	Kimikazu Sugawara
President (Representative Director)	Minoru Tanaka
Member of the Board, Executive Vice President	Kazuhiko Fujii
Member of the Board, Executive Vice President	Shinichiro Kametaka
Member of the Board, Senior Managing Executive Officer	Shinobu Ishihara
Member of the Board, Managing Executive Officer	Katsunobu Doro
Member of the Board, Managing Executive Officer	Jun Enoki
Member of the Board, Senior Managing Corporate Executive Officer	Mamoru Kadokura
Member of the Board (outside)	Takeo Inokuchi
Member of the Board (outside)	Mamoru Mohri
Member of the Board (outside)	Jun Yokota
Member of the Board (outside)	Yuko Sasakawa
Audit & Supervisory Board member (standing)	Hideyuki Matsui
Audit & Supervisory Board member (standing)	Masami Kishine
Audit & Supervisory Board member (outside)	Hiroshi Fujiwara
Audit & Supervisory Board member (outside)	Yasuhiro Uozumi

## ▶ Stock Information

Total number of authorized shares .....150,000,000 shares

Number of shares issued and outstanding .....68,000,000 shares

Number of shareholders .....24,347 shareholders

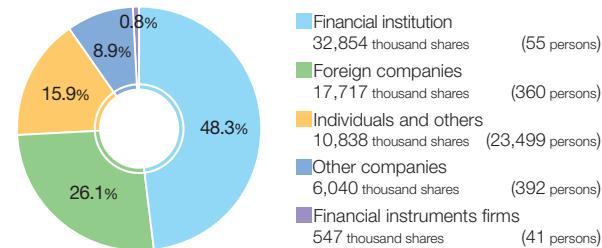
Average number of shares per shareholder .....2,793 shares

## ▶ Major Shareholders

Name of Shareholders	Share Units Owned (thousand shares)	Percentage of Total Shares Issued (%)
The Master Trust Bank of Japan, Ltd.(Trust Account)	7,616	11.37
Custody Bank of Japan, Ltd. (Trust Account)	3,188	4.76
Nippon Life Insurance Company	3,114	4.65
Sumitomo Mitsui Banking Corporation	3,091	4.61
Meiji Yasuda Life Insurance Company	2,825	4.22
Custody Bank of Japan, Ltd. (Trust Account No.4)	2,483	3.71
MUFG Bank, Ltd.	2,308	3.45
Mitsui Sumitomo Insurance Company, Limited	2,104	3.14
BNYMSANV AS AGENT/CLIENTS LUX UCITS NON TREATY 1	1,818	2.71
Kaneka Business Partner Shareholding Association	1,249	1.86

Notes : 1. The numbers of Share Units Owned are rounded down to thousands of shares.  
2. The Percentage of Total Shares Issued is calculated by using deducting number of treasury shares from Number of Shares Issued and Outstanding and rounded to two decimal places.

## ▶ Shareholder Composition



Notes : 1. The numbers of Share are rounded down to thousand of shares.  
2. The numbers of Percentage are rounded to one decimal places.

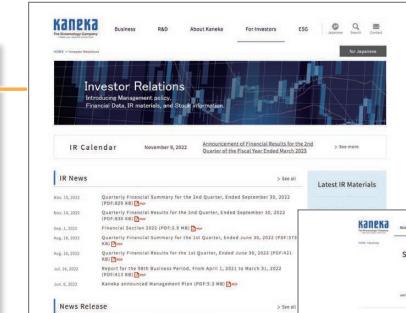
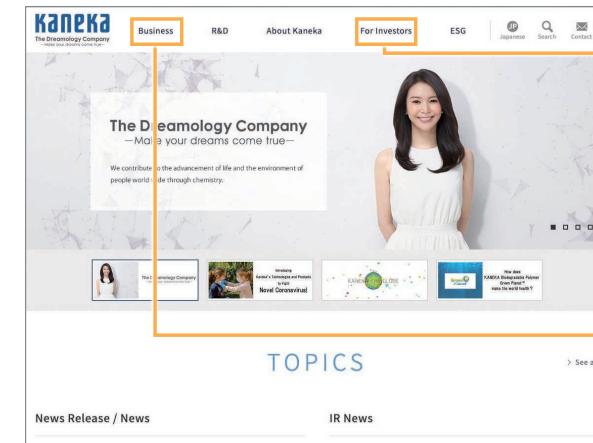
# Information for Shareholders

## ▶ Kaneka's Website

Kaneka's website provides clear, easy to use information to stakeholders such as shareholders and investors. We will continue to enhance the content of the website and to provide timely, appropriate disclosure.



## ▼ Top Page

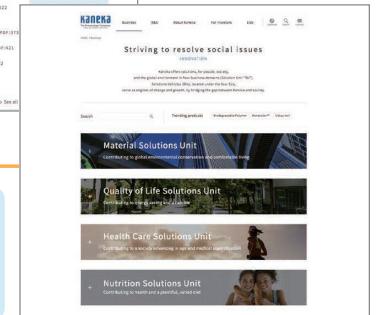


## ◀ IR Information

The website contains information such as management policy, business performance and financial information, IR materials, and stock information.

## ▶ Business·Products

View products from four business domains (Solutions Unit).



## ▶ Memo for Shareholders

Fiscal Year	April 1 to March 31
Ordinary Shareholders Meeting	Held in June
Record Dates	Ordinary Shareholders Meeting : March 31 Year-end dividend : March 31 Interim dividend : September 30
Transfer agent and share registrar and account management institution for special accounts	Mitsubishi UFJ Trust and Banking Corporation

Notes: 1. Procedures such as changes of shareholder's address, requests to acquire shares, and so forth, are to be handled in principle by the account managing institution (securities company, etc.) where the shareholder has an account. Please refer such requests to the securities company, etc., where you have opened an account.

2. For related to shares registered in special accounts, please inquire to the special account managing institution on the left, Mitsubishi UFJ Trust and Banking Corporation. Such enquiries can be received at Mitsubishi Trust and Banking Corporation Head Office and branches.

3. Unclaimed dividends will be paid at the Mitsubishi UFJ Trust and Banking Head Office and branches.

Cover art illustration: Asae Soya  
• Title: Topia  
• Creation date: 2021